

Message Text

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ORIGIN AF-18

INFO OCT-01 EUR-25 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 AEC-11 AID-20 CEA-02 CIEP-02

COME-00 EB-11 FEA-02 FPC-01 INT-08 OMB-01 SCI-06

STR-08 TRSE-00 SIL-01 LAB-06 NEA-11 /226 R

DRAFTED BY AF/W:MGWYGANT:BA

APPROVED BY AF/W-JOHN L. LOUGHRAN

AF-AMB. ROSS (DRAFT)

IO/LABW-RHEATER (INFO)

AF/EPS-ROMBARDI (INFO)

AF/EPS-JTSMITH (INFO)

L/AF-BHUFFMAN (INFO)

EB/IFD/OIA-CELLIS (INFO)

----- 023533

R 132035Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY COTONOU

INFO USMISSION GENEVA

AMEMBASSY PARIS

AMEMBASSY DAKAR

C O N F I D E N T I A L STATE 029486

E.O. 11652: GDS

TAGS: BDIS, ENGR, PFOR, DM, US

SUBJ: AMBASSADOR ADJIBADE SPEAKS ABOUT UNION OIL AND ILO
ELECTION

1. DAHOMEY AMBASSADOR ADJIBADE AT OWN REQUEST CALLED ON
ACTING ASSISTANT SECRETARY ROSS FEBRUARY 12 TO PRESENT
MRGD POSITION REGARDING UNION OIL PROBLEM, AND CANDIDACY
ALBERT TEVOEDJRE FOR DIRECTOR GENERAL OF ILO. ADJIBADE
EXPLAINED BASIC DAHOMEAN VIEW OF UNION OIL CONTROVERSY
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ALONG PREVIOUSLY EXPRESSED LINES, BUT HE ACKNOWLEDGED

UNION INVESTMENT OF APPROXIMATELY FOUR BILLION CFA IN PROSPECTING EFFORT AND REAFFIRMED MRGD WILLINGNESS MEET WITH UNION REPS IN COTONOU FEBRUARY 15. KNOWING USG DELEGATE WOULD BACK BLANCHARD IN ILO ELECTION, ADJIBADE SOUGHT ASSURANCES US WOULD NOT MOUNT ELECTORAL CAMPAIGN AGAINST TEVOEDJRE, AND WOULD COOPERATE WITH DAHOMEAN IF HE ELECTED DG.

2. ADJIBADE TRACED HISTORY DEALINGS BETWEEN VARIOUS DAHOMEAN GOVERNMENTS AND UNION SINCE 1964 CONVENTION CONCLUDED. HE OBSERVED AT THAT TIME DAHOMEAN PETROLEUM LEGISLATION NONEXISTANT. SITUATION NOW CHANGED, DAHOMEY HAS PETROLEUM CODE AND MILITARY GOVERNMENT "BASED ON POPULAR OPINION" WHICH READY SEIZE RESPONSIBILITIES, AND FEELS IT CAN NO LONGER ACCEPT DILATORY TACTICS REGARDING PETROLEUM

EXPLOITATION. GOVERNMENT HAS REQUIRED LOCAL INCORPORATION ALL FOREIGN-BASED FIRMS, AND COULD HARDLY APPEAR GIVE MORE FAVORABLE TERMS UNION BY EXEMPTING IT FROM NEW PETROLEUM CODE. IN LISTING UNION'S SHORT-COMINGS ADJIBADE NOTED COMPANY'S PAST LACK OF INTEREST IN BRINGING ACKNOWLEDGED DAHOMEAN DEPOSIT INTO PRODUCTION; ATTEMPTED SHIFT OF CONCESSION TO GLOBAL; APPARENT CONTRADICTION IN UNION FIGURE OF DOLS 20 MILLION FOR START UP COSTS VERSUS GLOBAL FIGURE OF DOLS 8 MILLION; UNION'S NOT MAKING DETAILED RESULTS OF ITS PROSPECTING EFFORTS AVAILABLE O DAHOMEANS; AND, RELEASE SOME MONTHS BACK OF VIRTUALLY ALL UNION LOCAL EMPLOYEES INDICATING PULL-OUT. AMBASSADOR ALSO CLAIMED UNION REFUSES BUILD CRUDE STORAGE FACILITY ON LAND EVEN THOUGH MRGD FEARS IT CANNOT CONTROL OPERATION IF OFF-SHORE CRUDE PUMPED DIRECTLY INTO TANKERS.

3. AMBASSADOR STRESSED MRGD DENUNCIATION WAS IN NO WAY UNFRIENDLY ACTION AGAINST USG OR AMERICAN PRIVATE INTERESTS. DAHOMEY WANTS A US COMPANY TO DEVELOP OIL, BUT UNDER CONDITIONS ACCEPTABLE TO DAHOMEAN SOVEREIGNTY. ALLUDING TO MRGD "DEMARCHES" MADE TO CAYMAN AND ROSARIO, ADJIBADE UNDERSTOOD THEY UNDER PRESSURE FROM UNION NOT TO BREAK "GENTLEMAN'S AGREEMENT" AMONG US OIL COMPANIES. MRGD MIGHT BE RELUCTANTLY FORCED LOOK ELSEWHERE FOR COM-
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PANY TO DEVELOP OIL, AMBASSADOR CONCLUDED.

4. ROSS NOTED MRGD DECISION RECEIVE UNION REPS FEBRUARY 15 WITH APPROVAL, ADDING BEST COURSE WOULD BE MUTUALLY ACCEPTABLE AGREEMENT WHICH DOES NOT INVOLVE OUTSIDE PARTIES. ADJIBADE AGREED, BUT EMPHASIZED FUTURE NEGOTIATIONS MUST BE BASED ON NEW PETROLEUM CODE. AMBASSADOR ACKNOWLEDGED POSSIBILITY ARBITRATION, SUGGESTED BY ROSS, BUT FEARED PROCESS WOULD TAKE TOO LONG. ROSS EXPRESSED

APPRECIATION PROBLEMS INVOLVED BUT URGED THAT DIFFERENCES BE HANDLED IN WAY THAT WOULD AVOID ADVERSE EFFECTS IN TERMS OTHER US PRIVATE INVESTMENT AND BILATERAL PROGRAMS. AMBASSADOR AGREED REPORT US CONCERNS TO HIS GOVERNMENT.

5. REGARDING ILO ELECTION, ADJIBADE ACKNOWLEDGED WITH REGRET THAT USG VOTE WILL GO TO BLANCHARD. HE WONDERED IF USG HAD RESERVATIONS ABOUT TEVOEDJRE'S QUALIFICATIONS AND MIGHT ACTIVELY OPPOSE TEVOEDJRE CANDIDACY DURING ELECTION CAMPAIGN. HE ALSO VOICED APPREHENSION US MIGHT NOT FULLY COOPERATE WITH TEVOEDJRE IF DAHOMEAN WON. ROSS ASSURED ADJIBADE US FULLY APPRECIATES TEVOEDJRE'S QUALIFICATIONS AND WOULD WILLINGLY EXTEND OUR SUPPORT TO HIM IN THE EXERCISE OF HIS FUNCTIONS SHOULD HE BE ELECTED. USG HAD FOUND IT MOST DIFFICULT CHOOSE BETWEEN TWO CANDIDATES, AND WE WOULD BE DISPOSED TO SEEK TO HAVE TEVOEDJRE

APPOINTED DEPUTY DG, SHOULD HE LOSE ELECTION FOR TOP POSITION. RECENT ANNOUNCEMENT BY GEORGE MEANY THAT US LABOR DELEGATE WILL CAMPAIGN FOR TEVOEDJRE ALSO INDICATIVE HIGH REGARD DAHOMEAN ENJOYS IN US. KISSINGER

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